

U Masipala Wakwa Nkonkobe

Umzi Walawula/Civic Centre
8 Somerset Street
FORT BEAUFORT
Eastern Cape – RSA



Municipality of Nkonkobe

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FORT BEAUFORT,
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29 August 2008

The Office of the Auditor General
59 Western Avenue
Vincent
East London
5200

Sir / Madam

Nkonkobe Municipality (EC127) – Submission of Annual Financial Statements

Please find enclosed signed copies of the Nkonkobe Municipalities Annual Financial Statements for the following year: -

- 30 June 2008

The municipality has a full copy of the working papers supporting the above mentioned years. Should you have any further queries please contact the Acting Chief Financial Officer, Mr. Lulamile Hanabe on 046-6457476.

Trust that you will find the above in order.

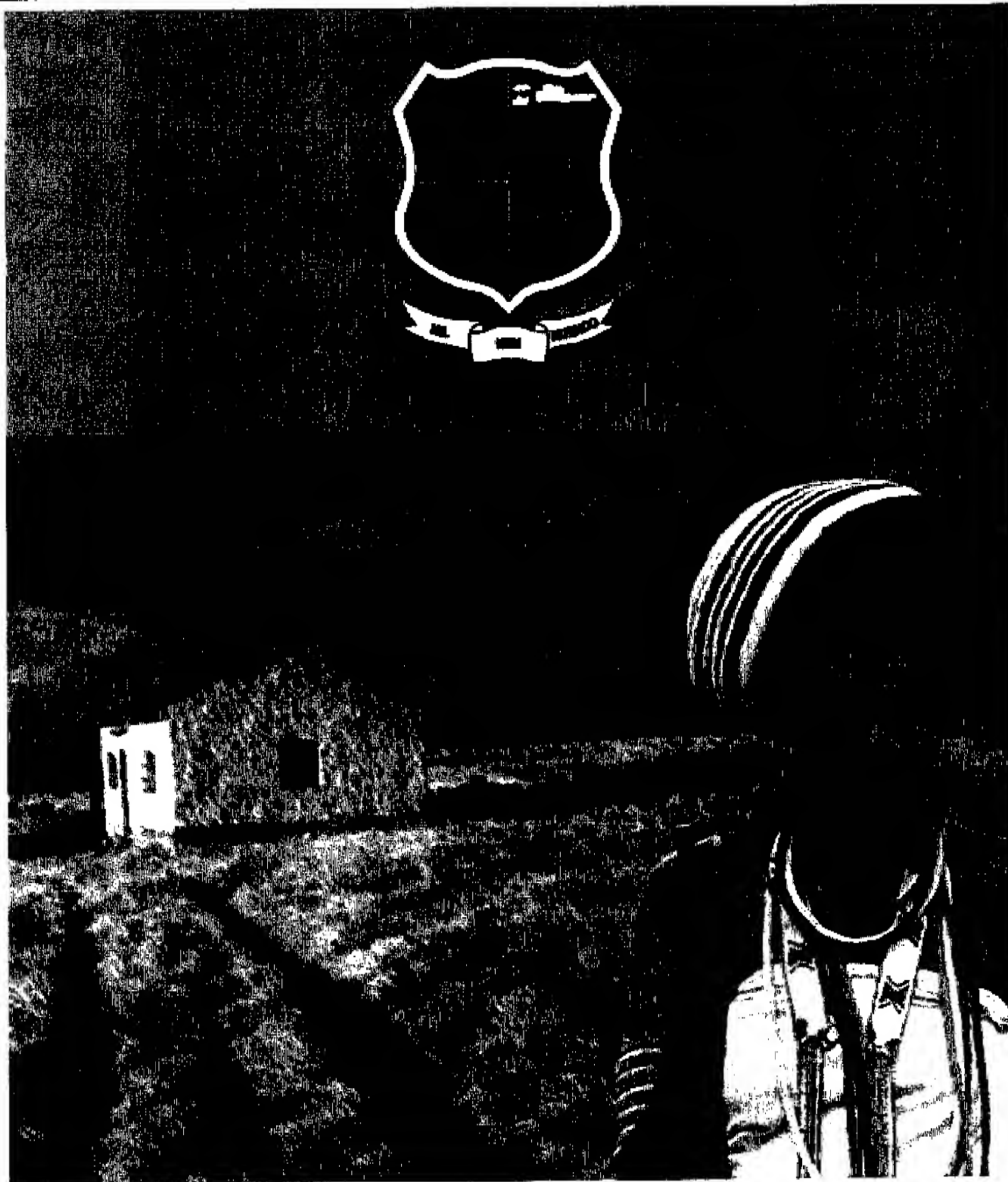
Thanking You

Yours faithfully

Mr. Andre Marx
Acting Municipal Manager

OFFICE OF THE
AUDITOR - GENERAL

2008 -08- 29



**Annual Financial Statements
2007/2008**

EC 127

NKONKOB MUNICIPALITY**INDEX****30 June 2008**

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NKONKOB MUNICIPALITY**GENERAL INFORMATION - 30 June 2008****MEMBERS OF THE EXECUTIVE COMMITTEE**

| | |
|---------------|--|
| Rev DD Ngcuka | Mayor |
| M Ncume | Speaker of Council |
| LM Fani | Budget and Treasury - Chairperson |
| M Ncume | Human Resources & Admin - Chairperson |
| JM Zondi | Engineering Services - Chairperson |
| NW Nxawe | Community Services - Chairperson |
| N Gqokro | Sports, Arts & Culture - Chairperson |
| J Ndlebe | Strategic Planning & LED - Chairperson |

GRADING OF LOCAL AUTHORITY

Councillors - Grade 3 (in terms of the Public Office Bearers Act)
Officials - Grade 6 (old Grading system)

AUDITORS

Auditor General - East London, Eastern Cape

BANKERS

First National Bank, Fort Beaufort

REGISTERED OFFICE

8 Somerset Street
PO Box 36, Fort Beaufort
5720

Telephone : 046 645 7400
Facsimile : 046 645 2562

ACTING MUNICIPAL MANAGER as at 30 June 2008

Mr. A Marx

Telephone : 046 645 7449

ACTING CHIEF FINANCIAL OFFICER as at 30 June 2008

Mr. L Hanabe

Telephone : 046 645 7476

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out on pages 4 to 24 were approved by the Acting Municipal Manager and the Acting Chief Financial Officer on this the 29TH August 2008 and then presented to Council on this the 25 SEPTEMBER 2008



.....
ACTING MUNICIPAL MANAGER: NKONKOBÉ MUNICIPALITY



.....
ACTING CHIEF FINANCIAL OFFICER: NKONKOBÉ MUNICIPALITY

NKONKOB MUNICIPALITY**MAYOR'S FOREWORD**

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2008

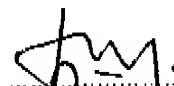
Nkonkobe municipality is endowed with a rich history and world renowned institutions of higher learning i.e. Fort Hare, Lovedale, Healdtown, Fort Cox which in their own right have produced leaders in the mode of Dr Tengo Jabavu, Robert Sobukwe, O.R Tambo, Nelson Mandela, Dr Bokwe and many others.

Recently Nkonkobe municipality has been nicknamed the "Home" of Premiers in the likes of the late Raymond Mhlaba, Rev. Makhenkesi Stofile and Nosimo Balindlela.

Nkonkobe municipality as a tourist destination boasts of the best scenic mountain range, punctuated by motels and hotels located at strategic spots of Hogsback and Katberg and trails of the ancient forts of Fort Fordyce, Fort Beaufort, Somgxanda (Dr.Stuart Memorial) and Fort Hare.

As Nkonkobe municipality we have an unflinching and unshaken mandate from the people of the valleys and hills of this municipal area to champion the cause of service delivery in order to address the backlogs of colonialism. We are called upon to explore the interactional networks of our diverse and rich cultures, spread this richness among us all. We are charged with a responsibility to enrich our communities and rid ourselves from the chains so as to be able to walk tall towards deepened democracy and sustained development.

The sadness and reality of the Nkonkobe municipality region is that we are faced with poor socio economic drivers, escalating unemployment and deaths related to HIV/AIDS! This significant increase in the bulk Eskom account is also going to seriously threaten the future existence of this impoverished rural municipality and urgent intervention by National Government is required to prevent financial collapse.



Cllr D.D Ngcuka
MAYOR

NKONKOB MUNICIPALITY

ACCOUNTING OFFICER'S REPORT - 30 June 2008

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E.
The overall operating results for the year ended 30 June 2008 are as follows:

| | Actual 2007 R | Actual 2008 R | Variance 2007/2008 % | Budget 2008 R | Variance Actual to Budget % |
|--|------------------------------|------------------------------|-------------------------------------|------------------------------|--|
| Income: | | | | | |
| Opening surplus/(deficit) | (8,994,590) | (26,733,480) | | | |
| Operating income for the year | 60,324,858 | 71,504,356 | 18.5 | 84,600,662 | 15.5 |
| | 51,330,268 | 44,770,877 | | 84,600,662 | |
| Expenditure | | | | | |
| Operating expenditure for the year | 63,044,428 | 76,436,307 | 21.2 | 84,597,911 | 9.6 |
| Contributions to approved funds | | | | | |
| Appropriation | 15,019,320 | - | | | |
| Closing surplus/(deficit) | (26,733,480) | (31,665,431) | | 2,751 | |
| | 51,330,268 | 44,770,877 | | 84,600,662 | |
| Significant variances: | | | | | |
| Grants and Subsidies increased during the current year. Interest accrued increase due to the system now charging interest on customer overdue accounts. Expenditure was reduced to fall in-line with the reduction in budgeted income. | | | | | |

1.1 Rates and General Services

| | Actual 2007 R | Actual 2008 R | Variance 2007/2008 % | Budget 2008 R | Variance Actual to Budget % |
|---|------------------------------|------------------------------|-------------------------------------|------------------------------|--|
| Income | 51,873,909 | 61,291,522 | 18.2 | 65,942,650 | 7.1 |
| Expenditure | 55,041,939 | 65,001,478 | 18.1 | 69,834,750 | 6.9 |
| Surplus / (Deficit) | (3,168,030) | (3,709,956) | 17.1 | (3,892,100) | 4.7 |
| Surplus / (Deficit) as % of total income | (6.1) | (6.1) | | (5.9) | |
| Significant variances: | | | | | |
| Grants and Subsidies increased during the current year. Interest accrued increase due to the system now charging interest on customer overdue accounts. | | | | | |

1.2 The following is a summary of the operating results of the local authority's Trading Services:

Electricity Service

| | Actual 2007 R | Actual 2008 R | Variance 2007/2008 % | Budget 2008 R | Variance Actual - Budget % |
|--|------------------------------|------------------------------|-------------------------------------|------------------------------|---|
| Income | 8,274,601 | 10,212,829 | 23.4 | 18,658,013 | 45.3 |
| Expenditure | 7,408,997 | 11,215,170 | 51.4 | 14,443,719 | 22.4 |
| Surplus / (Deficit) | 865,604 | (1,002,341) | (215.8) | 4,214,294 | 123.8 |
| Surplus / (Deficit) as % of total income | 10.5 | (9.8) | | 22.6 | |
| Significant variances: | | | | | |
| The main reason for the variance in expenses in the provision for doubtful debts. The department did not achieve their income budget. This has had a major effect on spending. The grant for FBE is not sufficient to cover the beneficiaries. | | | | | |

Abattoir Service

| | Actual 2007 R | Actual 2008 R | Variance 2007/2008 % | Budget 2008 R | Variance Actual - Budget % |
|---|------------------------------|------------------------------|-------------------------------------|------------------------------|---|
| Income | 25,189 | 4 | (100.0) | - | 0.0 |
| Expenditure | 195,872 | 219,658 | 12.1 | 319,442 | 31.2 |
| Surplus / (Deficit) | (170,683) | (219,654) | 28.7 | (319,442) | 31.2 |
| Surplus / (Deficit) as % of total income | (677.6) | (5,003,505.9) | | #DIV/0! | |
| Significant variances: | | | | | |
| The provincial departments inspectors closed the abattoir in November 2006 due to inadequate equipment and operational policies and procedures. Council is currently evaluating two proposals received according to the SCM policy. | | | | | |

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year are detailed below: -

| | Actual 2007 R | Budget 2008 R | Actual 2008 R |
|---------------------|---------------------|---------------------|---------------------|
| Community Services | 801,455 | 835,053 | 1,703,963 |
| Subsidised Services | - | - | 28,900 |
| Economic Services | - | 56,066 | 199,500 |
| Housing Services | - | - | - |
| Trading Services | 147,372 | 38,311 | 98,682 |
| | 948,827 | 939,430 | 2,031,045 |

Resources used to finance the fixed assets were as follows: -

| | | | |
|-----------------------|----------------|----------------|------------------|
| - Internal Sources | (2,578,614) | 939,430 | 897,362 |
| - External Sources | 3,527,441 | - | 1,133,683 |
| Other Sources | 3,527,441 | | 1,133,683 |
| Provincial Government | | | |
| | 948,827 | 939,430 | 2,031,045 |

Significant variances:

The overspend was due to grant funding received. The majority of the Community Services capital expenditure relates to the development of the Middledrift block yard and other related projects.

A complete analysis of capital expenditure (budgeted and actual) per department, classification of service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2008 amounted to R4,327,921 (including current portion). (2007 - R4,486,754)

Cash resources and short-term deposits less bank overdraft at 30 June 2008 amounted to a negative of R 2,846,226 (2007 - R1,597,499 positive). This amount excludes projects, statutory and reserve funds.

Investments as at 30 June 2008 amounted to R13,860,544 (2007: R10,346,733).

Trust Fund Investments as at 30 June 2008 amounted to R 13,860,544 (2007: R10,346,733). The investments are held for specific projects.

More information regarding loans and investments are disclosed in the notes and appendix B to the financial statements.

4. MUNICIPAL ENTITY

The Nkonkobe Economic Development Agency was established during the 2006 financial year. The main objective of the agency is to act as a agent on behalf of the municipality for all economic development issues in the demarcated development zone. The agency is funded by both the Nkonkobe municipality and external donors.

5. POST BALANCE SHEET EVENTS

The Amathole District Municipality is currently reassessing the WSP function.
No further post balance sheet events have been identified

6. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, the municipal staff and Sondiya Charteris and Barnes for their assistance and support during the past challenging financial year.


ACTING MUNICIPAL MANAGER: NKONKOB MUNICIPALITY
(Accounting Officer)

NKONKOBÉ MUNICIPALITY

ACCOUNTING POLICIES - 30 June 2008

1. Basis of preparation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1998).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General Services, Trading Services and the different funds and reserves. All inter-departmental charges are set off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated at historical cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.
- 3.2 Depreciation

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the financial statements is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

 - * Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4 Fixed assets are financed from different sources, including external loans,

NKONKOB MUNICIPALITY**ACCOUNTING POLICIES - 30 June 2008**

operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

3.5 A detailed GAMAP compliant assets register has been prepared.

4. Funds and reserves**4.1 Revolving fund**

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

4.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

5. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

6. Stock

Stock is reflected in the Balance Sheet at the weighted average cost.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, The Cape Joint Pension Fund, SALA Pension Fund, VERSO Pension Fund and JEPF Pension Fund

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

NKONKOB MUNICIPALITY

ACCOUNTING POLICIES - 30 June 2008

8. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity Services are transferred to Rates and General Services.

9. Leased assets

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

10. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

11. Income recognition

12.1 Electricity billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account.

Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

12.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% are granted on state owned properties and 40% rebates are granted to pensioners pending a successful application. Income is recognised when such levies are raised and debited to the respective ratepayer account.

12.3 Other income

Income from services such as refuse removal, recovered by way of debtors is, recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

NKONKOB MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|---|------|---------------|------------------|
| CAPITAL EMPLOYED | | | |
| FUNDS AND RESERVES | | 16,582,295 | 15,836,865 |
| Statutory funds | 1 | 14,030,537 | 13,285,107 |
| Reserves | 2 | 2,551,758 | 2,551,758 |
| ACCUMULATED DEFICIT | | (31,665,431) | (26,733,480) |
| | | (15,083,135) | (10,896,615) |
| TRUST FUNDS | 3 | 13,860,544 | 10,346,733 |
| LONG TERM LIABILITIES | 4 | 476,150 | 1,222,116 |
| CONSUMER DEPOSITS: SERVICES | 5 | 788,797 | 529,504 |
| | | 42,356 | 1,201,738 |
| EMPLOYMENT OF CAPITAL | | | |
| FIXED ASSETS | 6 | 1,407,110 | 2,053,517 |
| INVESTMENTS | 7 | 13,860,543 | 10,346,733 |
| | | 15,267,653 | 12,400,250 |
| NET CURRENT ASSETS | | (15,225,297) | (11,198,512) |
| CURRENT ASSETS | | 13,543,702 | 11,578,779 |
| Stock | 8 | 376,337 | 297,718 |
| Accounts Receivable | 9 | 11,393,037 | 9,683,562 |
| Cash and Cash Equivalents | 10 | 11,083 | 900,337 |
| Short-term Investments | 7 | 1,763,245 | 697,162 |
| CURRENT LIABILITIES | | 28,768,999 | 22,777,292 |
| Creditors | 12 | 17,519,675 | 16,668,822 |
| Bank overdraft | 13 | 4,620,553 | - |
| Provisions | 11 | 2,777,000 | 2,843,832 |
| Short-term portion of long-term liabilities | 4 | 3,851,771 | 3,264,638 |
| | | 42,356 | 1,201,738 |

NKONKOB MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| 2007 Actual income | 2007 Actual expenditure | 2007 surplus/ (deficit) | 2008 Actual income | 2008 Actual expenditure | 2008 surplus/ (deficit) | 2008 Budgeted surplus/ (deficit) |
|---|-------------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|---|
| R | R | R | R | R | R | R |
| 51,873,909 | 55,041,939 | (3,168,030) | 61,291,522 | 65,001,478 | (3,709,956) | (3,892,100) |
| 47,163,389 | 47,515,031 | (351,641) | 58,697,251 | 51,621,072 | 7,076,179 | 3,416,751 |
| 6,403 | 1,472,161 | (1,465,778) | 26,385 | 1,584,679 | (1,558,294) | (1,944,244) |
| 4,704,117 | 6,054,727 | (1,350,610) | 2,567,886 | 11,795,727 | (9,227,841) | (5,364,608) |
| 8,450,949 | 8,002,489 | 448,460 | 10,212,834 | 11,434,828 | (1,221,995) | 3,894,852 |
| 60,324,858 | 63,044,428 | (2,719,570) | 71,504,356 | 76,436,307 | (4,931,951) | 2,751 |
| Appropriations for the year (refer note 18) | | | | | | |
| NET SURPLUS (DEFICIT) FOR THE YEAR | | | | | | (4,931,951) |
| Accumulated surplus beginning of the year | | | | | | (26,733,480) |
| ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR | | | | | | (31,665,431) |

NKONKOB MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | NOTES | 2008 R | 2007 R |
|--|-------|---------------------|---------------------|
| CASH RETAINED FROM OPERATING ACTIVITIES | | 1,269,965 | 6,973,094 |
| Cash utilised in operations | 19 | (40,174,526) | (65,169,707) |
| Investment income | | 5,994,594 | 1,094,383 |
| (Increase) / Decrease in working capital | 20 | (13,825,232) | 10,670,412 |
| | | (48,005,164) | (53,404,912) |
| Less: External interest paid | | (639,922) | (544,769) |
| Cash available from operations | | (48,645,086) | (53,949,681) |
| Net Proceeds on disposal of fixed assets | | - | 8,681,828 |
| Cash contributions from the public and the State | | 49,905,051 | 52,240,947 |
| CASH UTILISED IN INVESTING ACTIVITIES | | (2,031,045) | (948,827) |
| Investment in fixed assets | | (2,031,045) | (948,827) |
| NETT CASH FLOW | | (771,081) | 6,024,267 |
| CASH EFFECTS OF FINANCING ACTIVITIES | | | |
| Increase / (Decrease) in long-term liabilities | 21 | (158,833) | (10,127,803) |
| Decrease / (Increase) in cash on hand | 23 | 5,509,808 | (1,456,992) |
| Decrease / (Increase) in external cash investments | 22 | (4,579,894) | 5,560,528 |
| NETT CASH UTILISED | | 771,081 | (6,024,267) |

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

| | 2008 R | 2007 R |
|--|-------------------|-------------------|
| 1. STATUTORY FUNDS | | |
| Revolving Fund | 13,268,456 | 12,523,026 |
| Dog Tax Fund | 84,735 | 84,735 |
| Loans Redemption Fund | 643,453 | 643,453 |
| Community Facilities | 27,896 | 27,896 |
| Other | 5,997 | 5,997 |
| | <u>14,030,537</u> | <u>13,285,107</u> |
| <i>(Refer to Appendix A for more details)</i> | | |
| 2. RESERVES | <u>2,551,758</u> | <u>2,551,758</u> |
| <i>(Refer to Appendix A for more details)</i> | | |
| 3. TRUST FUNDS | | |
| As detailed in Appendix A | <u>13,860,544</u> | <u>10,346,733</u> |
| All trust funds are back by investments held with various bank. <i>(Refer to Appendix A for more details)</i> | | |
| 4. LONG-TERM LIABILITIES | | |
| DBSA - Capital | - | - |
| DBSA - Capital Arrears Interest | 3,098,598 | 2,655,470 |
| Wesbank | 1,229,323 | 1,831,284 |
| Less: Short Term portion transferred to Current Liabilities | (3,851,771) | (3,264,638) |
| | <u>476,150</u> | <u>1,222,116</u> |
| <i>(Refer to Appendix B for more detail)</i> | | |
| 5. CONSUMER DEPOSITS: SERVICES | | |
| Service Deposits | <u>788,797</u> | <u>529,504</u> |
| 6. FIXED ASSETS | | |
| Fixed assets at the beginning of the year | 87,017,780 | 86,068,953 |
| Capital expenditure during the year | 2,031,045 | 948,827 |
| Total fixed assets | <u>89,048,825</u> | <u>87,017,780</u> |
| Less: Loans redeemed and other capital receipts | <u>87,641,715</u> | <u>84,964,262</u> |
| | <u>1,407,110</u> | <u>2,053,517</u> |
| <i>(Refer to Appendix C for more details)</i> | | |
| 7. INVESTMENTS | | |
| Project Investments | <u>13,860,543</u> | <u>10,346,733</u> |
| Funds are invested according to Circular No C/46/1994 issued by the Provincial Administration Community Services Branch with approved Banking Institution. | | |
| Short-term Investments | <u>1,763,245</u> | <u>697,162</u> |
| Numerous First National Bank Accounts are being held as security to cover the municipalities bank overdraft. | | |

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

| | 2008 R | 2007 R |
|---|-------------------|-------------------|
| 8. STOCK | | |
| Rate & General | 124,060 | 238,802 |
| Electricity Services | 248,346 | 58,916 |
| Fuel | 3,930 | - |
| | <u>376,337</u> | <u>297,718</u> |
| During the current year fuel distributor was requested to replace the fuel pumps. This was turned down as the municipality has insufficient volumes to warrant this expenditure. | | |
| 9. ACCOUNTS RECEIVABLE | | |
| Current Debtors | 54,867,568 | 45,880,208 |
| Sundry Debtors | 8,609,397 | 2,739,997 |
| Less Provision for Bad debts | <u>52,083,928</u> | <u>38,936,643</u> |
| | <u>11,393,037</u> | <u>9,683,562</u> |
| Consumer Debtors amounting to R 21,745,394 were taken over by the Amathole District Municipality on 1 July 2006. The Amathole District Municipality has subsequently handed the Consumer Debtors back over to the municipality pending a section 78 of the MSA Act 32 of 2000 analysis. | | |
| 10. CASH AND CASH EQUIVALENT | | |
| Floats | 11,083 | 11,083 |
| Bank Balances | - | 889,255 |
| | <u>11,083</u> | <u>900,337</u> |
| 11. PROVISIONS | | |
| Leave reserve | 2,549,265 | 2,743,832 |
| Performance Bonuses | 227,735 | 100,000 |
| | <u>2,777,000</u> | <u>2,843,832</u> |
| 12. CREDITORS | | |
| Trade Creditors | 2,608,876 | 2,134,114 |
| VAT Provision | 10,592,709 | 10,921,378 |
| VAT Control | 1,112,288 | 505,770 |
| Sundry Creditors | 3,205,802 | 3,107,560 |
| | <u>17,519,675</u> | <u>16,668,822</u> |
| 13. BANK OVERDRAFT | | |
| Nkonkobe Municipality | <u>4,620,553</u> | - |
| | <u>4,620,553</u> | - |
| All Securities have been detailed in Note 7 | | |

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

14. ASSESSMENT RATES

Valuations on land and improvements are performed every four years. The last general valuation came into effect on 1 July 1994. The basic rate on land and improvements varied from area to area.

| | 2008 R | 2007 R |
|---|---------------------|-------------------------|
| | Rates - LAND | Rates- buildings |
| Residential | | |
| Seymour | 0.0250425 | 0.0220374 |
| Fort Beaufort | 0.0250425 | 0.0220374 |
| Alice | 0.0250425 | 0.0220374 |
| Hogsback | 0.0250425 | 0.0220374 |
| Middledrift | 0.0250425 | 0.0220374 |
| Government Properties, Schools, colleges, universities | | |
| Seymour | 0.0236250 | 0.0246750 |
| Fort Beaufort | 0.0236250 | 0.0246750 |
| Alice | 0.0236250 | 0.0246750 |
| Hogsback | 0.0236250 | 0.0246750 |
| Middledrift | 0.0236250 | 0.0246750 |
| <i>The following rebates were granted:</i> | | |
| - State | 20.00% | |
| - Pensioners | 40.00% | |
| Actual Rateable Income | <u>9,069,039</u> | <u>9,596,736</u> |

15. MANAGERS AND OFFICIALS REMUNERATION

| | | |
|--------------------------------|------------------|------------------|
| Mayor's allowance: | 475,860 | 488,192 |
| Speakers Allowance | 387,476 | 391,260 |
| Councillor's allowances: | <u>6,922,858</u> | <u>6,912,823</u> |
| | <u>7,786,194</u> | <u>7,792,275</u> |
| Municipal Manager | 502,166 | 121,213 |
| Total Earnings | <u>441,381</u> | <u>121,213</u> |
| Company Contributions | <u>60,785</u> | <u>-</u> |
| Chief Financial Officer | 553,204 | - |
| Total Earnings | <u>500,245</u> | <u>-</u> |
| Company Contributions | <u>52,959</u> | <u>-</u> |
| Other Senior Manager | 1,119,938 | 3,059,907 |
| Total Earnings | <u>1,014,072</u> | <u>3,059,907</u> |
| Company Contributions | <u>105,866</u> | <u>-</u> |
| Total Remuneration | <u>2,175,308</u> | <u>3,181,120</u> |

As of 11 December 2007 Chief Financial Officer assumed the role of acting Municipal Manager. Numerous other senior staff members held acting managerial position during the current financial year.

The municipalities employees cost spend as a percentage of total spend is: - **38.7%** **55.3%**

16. AUDITOR'S REMUNERATION

| | | |
|------------|------------------|------------------|
| Audit fees | <u>1,047,754</u> | <u>1,277,855</u> |
|------------|------------------|------------------|

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

17. FINANCE TRANSACTIONS

Total external interest earned or paid:

- Interest earned

- Interest paid

Capital charges debited to operating account:

- Interest paid on external loans

- Interest paid on internal loans

- Redemption of external loans

- Redemption of internal loans

2008
R

4,900,441

639,922

639,922

13,457

601,961

44,447

1,299,787

2007
R

601,834

544,769

534,785

16,130

548,107

45,107

1,144,129

18. APPROPRIATIONS**Appropriation account**

Accumulated surplus at the beginning of the year

Operating surplus for the year

Less: Appropriations for the year:

- ADM Debtors Provision and Sale of Assets

- SARS SDL and UIF Assessment

- Reversal of Municipal Debtors and Water Debtor Raised incorrectly

- Prior years Operating and Project Expenses

Accumulated surplus at the end of year

Operating account

Capital expenditure

Contributions to:

- Revolving Fund

- Audit Fee

- Doubtful debts

- Leave Reserve

(26,733,480)

(4,931,951)

(31,665,431)

-

-

-

-

(31,665,431)

(8,994,590)

-2,719,570

(11,714,160)

15,019,320

16,116,807

1,685,978

9,198,279

(11,981,743)

(26,733,480)

897,362

731,973

-

-

(194,567)

1,434,768

336,573

664,362

(719,249)

4,824,619

(998,153)

4,108,152

19. CASH UTILISED IN OPERATIONS**(Deficit) / Surplus for the year**Adjustments in respect of:

- Prior Year's Operating Transactions

Appropriations charged against income:

- Revolving Fund

- Provisions

- Fixed Assets

Investment income (operating account)

Capital charges

Interest Paid on External Loans

Interest Paid on Internal Loans

Redemption on External Loans

Redemption on Internal Loans

Grants and Subsidies Received from the State

Non Operating Expenditure

- Expenditure charged against funds

- Expenditure charged against provisions

Non Operating Income

- Transfers to funds and reserves

(4,931,951)

(2,719,570)

-

15,423,028

731,973

13,147,284

1,543,770

(5,994,594)

1,742,914

1,083,050

13,457

601,961

44,447

(40,220,074)

(4,893,706)

(4,818,035)

(75,671)

(1,300,143)

(1,300,143)

(40,174,526)

(15,019,320)

6,767,862

664,362

5,766,916

336,573

(1,094,383)

1,144,129

534,785

16,130

548,107

45,107

(32,368,969)

(26,869,766)

(24,811,953)

(2,057,802)

4,990,299

4,990,299

(65,169,707)

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

| | 2008 R | 2007 R |
|---|---------------------|---------------------|
| 20. DECREASE/(INCREASE) IN WORKING CAPITAL | | |
| (Increase) / Decrease in Stock | (78,618) | (10,990) |
| (Increase) / Decrease in Debtors, Long Term Debtors | (14,856,760) | 15,991,882 |
| (Decrease) / Increase in Creditors, Consumer Deposits | 1,110,146 | (5,310,479) |
| | <u>(13,825,232)</u> | <u>10,670,412</u> |
| 21. (DECREASE) / INCREASE IN LONG-TERM LIABILITIES | | |
| Loans raised | 443,128 | - |
| Loans repaid | (601,961) | (10,127,803) |
| | <u>(158,833)</u> | <u>(10,127,803)</u> |
| 22. DECREASE / (INCREASE) IN EXTERNAL CASH INVESTMENT | | |
| Investments Realised | (4,579,894) | 5,560,528 |
| Investments Made | - | - |
| | <u>(4,579,894)</u> | <u>5,560,528</u> |
| 23. DECREASE / (INCREASE) IN CASH ON HAND | | |
| Cash balance at the beginning of the year | 900,337 | (556,655) |
| Less: Cash balance at end of year | (4,609,470) | 900,337 |
| | <u>5,509,808</u> | <u>(1,456,992)</u> |
| 24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS | | |
| The municipality faces possible lawsuit of R10 million for defamation of character relating to housing projects. | | |
| 25. POST BALANCE SHEET EVENTS | | |
| The Amathole District Municipality is currently reassessing the WSP function. No further post balance sheet events have been identified | | |
| 26. RETIREMENT BENEFITS | | |
| The employees of the municipality and the municipality contribute to various pensions, provident and retirement funds. The main funds being listed below: - | | |
| | <u>Employee</u> | <u>Employer</u> |
| SAMWU Provident Fund | 7.50% | 18.00% |
| SALA | 8.60% | 20.70% |
| Cape Joint Pension Fund | 9.00% | 18.00% |
| VERSO | 15.00% | 0.00% |
| JEPF | 7.50% | 13.00% |
| 27. CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure | <u>8,007,345</u> | <u>3,295,812</u> |
| This expenditure will be funded financed from: - | | |
| - Internal Sources | - | - |
| - External Sources | 8,007,345 | 3,295,812 |
| Other Sources | - | - |
| Provincial Government | 8,007,345 | 3,295,812 |
| | <u>8,007,345</u> | <u>3,295,812</u> |
| The above commitments are mainly funded by the Municipal Infrastructure Grants received. | | |

NKONKOB MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

| | 2008 R | 2007 R |
|---|------------|-----------|
| 28. UNAUTHORISED EXPENDITURE | | |
| During the current year the following departments actual expenditure exceeded the budgeted expenditure: - | | |
| Administration and Human Resources | - | 961,982 |
| Financial Management - Administration | 6,986,952 | 5,275,605 |
| Fleet Administration | - | 234,220 |
| Sewerage | - | 308,882 |
| Water | - | 397,620 |
| The municipality has installed a new financial accounting system. This as lead to increased monitoring of the budget. The full impact of the new financial system was only felt in November. This was due to initial teething problems. | | |
| The municipality paid audit fees amounting to R 1,047,754 during the current financial year. | | |
| During the current financial year the municipality lost a High Court Case (2356/2006) against the Rental Company Trust. This resulted in the municipality having to pay cost of R1,510,883. This was financed by the Financial Management department. | | |
| 29. IRREGULAR EXPENDITURE | | |
| Irregular expenditure did occur during this financial year. This lead to an investigation and the dismissal of the municipal manager. | | |
| The delegation framework policy is currently being developed, with the assistance of the Amathole District Municipalities Municipal Support Unit. | | |
| During the current year the municipality incurred excessive legal costs. | | |
| 30. MUNICIPAL ENTITIES | | |
| The municipality currently has two municipal entities that fall under it: - | | |
| - Nkonkobe Economic Development Agency | | |
| - Masambe Trust | | |
| 31. INTERGOVERNMENTAL ALLOCATIONS | | |
| Equitable Share | 34,153,758 | |
| Land Survey | 565,000 | |
| Valuation Grant | 550,000 | |
| Municipal Infrastructure Grant | 6,842,933 | |
| Finance Management Grant | 593,360 | |
| Primary Health Care | 2,413,205 | |
| Municipal Systems Improvement Grant | 184,000 | |
| 32. OTHER DISCLOSURES | | |
| PAYE Paid | 4,388,220 | |
| Pension and Provident Fund Paid | 5,247,058 | |
| Medical Aid Paid | 2,202,111 | |
| No further amount are due and payable. | | |

NKONKOB MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS - 30 June 2008

| | Balance at 30 June 2007 R | Contributions during year R | Interest on Investments Net of Refunds R | Other Income / VAT Refunds R | Transfers during year R | Operating expenditure during year R | Capital expenditure during year R | Balance at 30 June 2008 R |
|--|---------------------------------|-----------------------------------|---|------------------------------------|-------------------------------|--|--|---------------------------------|
| STATUTORY FUNDS | | | | | | | | |
| Revolving Fund | 12,523,026 | 731,973 | 13,457 | | | | | 13,258,456 |
| Dog Tax Fund | 84,735 | | | | | | | 84,735 |
| Loans Redemption Fund | 643,453 | | | | | | | 643,453 |
| Community Facilities | 27,896 | | | | | | | 27,896 |
| Other | 5,997 | | | | | | | 5,997 |
| | 13,286,107 | 731,973 | 13,457 | | | | | 14,030,537 |
| TRUST FUNDS | | | | | | | | |
| Cash Backed Funds | | | | | | | | |
| 13 Starter Homes | 157,414 | | 14,014 | | | | | 171,428 |
| Alice CMIP | 25,476 | | | | | 716 | | 24,760 |
| Alice Golf Area 1111 | 2,808,093 | | 241,883 | | | 619 | 2,445,826 | 703,531 |
| Alice Housing Project (Std Bank) | 302,178 | | | | | 716 | | 301,463 |
| Alice Kunisalamanzi | 45,804 | | 3,656 | | | 429 | 9,724 | 39,307 |
| Rhofolo Phase 2 | 1,374 | | | | | 270 | | 1,104 |
| Development | 134,870 | | 11,339 | | | 139,985 | | 6,225 |
| Erhoxeno Peoples Housing Project | 190,329 | | 17,963 | | | 270 | | 208,041 |
| Erhoxeno Peoples Housing Project (2) | 23,185 | | 1,375 | | | 300 | | 24,261 |
| Fishing Project | 80,271 | | 7,509 | | | | | 87,780 |
| Fort Beaufort Golf Area 1177 | 236,108 | | 19,817 | | | 463 | 64,047 | 191,216 |
| Fort Beaufort Gamma Gamma | 17,104 | | 1,002 | | | 810 | | 17,296 |
| Fresh Produce Market | 59,959 | | | | 9,899 | 564 | | 69,294 |
| Human Settlement - Re-development Plan | 2,360 | | 145 | | | | | 2,505 |
| Land Survey | | 555,000 | 42,545 | | | | | 618,438 |
| Kwankoboko Peoples Housing Project | 136,482 | | 12,890 | | 10,893 | 270 | | 149,081 |
| McFarland Peoples Housing Project | 143,976 | | 13,600 | | | 270 | | 157,308 |
| McFarland Peoples Housing Project (2) | 1,793 | | 100 | | | 330 | | 1,963 |
| Middlecroft Housing | 18,961 | | 1,363 | | | | | 16,324 |
| Middlecroft Infrastructure | 45,431 | | | | | 716 | | 44,715 |
| Mpolweni Housing Development 2 | 73,582 | | 6,260 | | 1,000 | 334 | 5,841 | 73,547 |
| MSP Funding | 1,000 | | | | | | | |
| MSP Funding / Valuation Grant | 1,000 | | 38,813 | | | | | 599,313 |
| NER Operating Account | 1,249,970 | | 87,730 | | | 300,730 | | 1,016,570 |
| Seymour Extension 6 | 162,421 | | 14,275 | | | 429 | 26,880 | 147,398 |
| Seymour Housing Project Number 2 | 33,817 | | | | 33,667 | 150 | | |
| MIG Funding | 3,295,812 | | 157,827 | 24,678 | 1,317,425 | | 1,282,398 | 878,293 |
| MIG Funding 2 | | 6,842,933 | 279,540 | 6,478 | | | | 7,129,052 |
| Unsokumvu & FMG Trust Fund | 1,000,000 | 593,360 | 117,731 | | | 522,846 | | 1,189,242 |
| | 10,348,733 | 8,551,293 | 1,080,696 | 51,849 | 1,352,092 | 971,218 | 3,845,817 | 13,850,544 |

RESERVES

| | |
|-------------------------|------------------|
| Repairs and Renewals | 591,831 |
| Repairs and Maintenance | 24,267 |
| Plant and Stock | 14,250 |
| Maintenance and Renewal | 147,839 |
| Home Improvements | 26,495 |
| Loss of Rental | 23,729 |
| Rent Reserve | 1,866 |
| Abattoir Reserve Fund | 1,721,479 |
| | 2,651,758 |

APPENDIX A

NKONKOB MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES - 30 June 2008

| | Rate | Termination | Balance at 30 June 2007 R | Received during the year R | Interest Capitalised R | Redeemed/ written off during year R | Balance at 30 June 2008 R |
|--|---------|-------------|---------------------------------|----------------------------------|------------------------------|--|---------------------------------|
| EXTERNAL LOANS - Funding Fixed Assets | | | | | | | |
| DBSA - Capital | 11.0% | 30-Sep-2014 | - | | | | - |
| DBSA - Capital Arrears Interest | 11.0% | 30-Sep-2014 | - | | | | - |
| DBSA - Capital Arrears Interest | 16.0% | 30-Sep-1998 | 2,655,470 | | 443,128 | 358,908 | 3,098,598 |
| Wesbank | 9.5% | 1-Feb-2010 | 1,074,205 | | | 239,270 | 715,298 |
| Wesbank | 9.5% | 1-Mar-2010 | 742,696 | | | 3,784 | 503,426 |
| Wesbank | 9.5% | 1-Sep-2010 | 14,382 | | | | 10,599 |
| | | | <u>4,486,754</u> | <u>-</u> | <u>443,128</u> | <u>601,961</u> | <u>4,327,921</u> |
| INTERNAL LOANS | | | | | | | |
| Loans outstanding | Various | Various | <u>222,234</u> | <u>-</u> | <u>-</u> | <u>44,447</u> | <u>177,787</u> |

APPENDIX B

NKONKOB MUNICIPALITY

ANALYSIS OF FIXED ASSETS - 30 June 2008

| 2007 Expenditure | Balance at 30 June 2007 | Expenditure during year | Redeemed, trans- ferred or written off during year | Balance at 30 June 2008 |
|---------------------|----------------------------|----------------------------|--|----------------------------|
| R | R | R | R | R |
| 801,455 | 53,065,138 | 1,932,363 | - | 54,997,500 |
| 801,455 | 49,150,058 | 1,703,963 | - | 50,854,029 |
| 30,014 | 381,305 | | | 381,305 |
| - | 6,428,507 | 1,133,683 | | 7,560,190 |
| - | 1,887,347 | | | 1,887,347 |
| 638,954 | 8,009,437 | | | 8,009,437 |
| - | 1,052,098 | 105,230 | | 1,157,328 |
| 47,507 | 1,751,616 | | | 1,751,616 |
| 49,328 | 111,966 | | | 111,966 |
| - | 13,786,730 | | | 13,786,730 |
| - | 882,567 | | | 882,567 |
| (26,700) | 14,155,852 | 465,050 | | 14,620,902 |
| 62,251 | 704,641 | | | 704,641 |
| - | 1,564,843 | 28,900 | - | 1,593,743 |
| - | 1,334,446 | 28,900 | | 1,363,346 |
| - | 127,286 | - | | 127,286 |
| - | 48,792 | - | | 48,792 |
| - | 54,319 | - | | 54,319 |
| - | 2,350,228 | 199,500 | - | 2,549,728 |
| - | 479,858 | 199,500 | | 679,358 |
| - | - | - | | - |
| - | 1,806,742 | - | | 1,806,742 |
| - | 63,628 | - | | 63,628 |
| - | 20,228,196 | 98,682 | - | 20,228,196 |
| 147,372 | 13,724,447 | 98,682 | - | 13,823,129 |
| - | 430,193 | - | | 430,193 |
| 147,372 | 13,294,255 | 98,682 | | 13,392,937 |
| - | - | - | | - |
| 948,827 | 87,017,780 | 2,031,045 | - | 89,048,825 |
| - | 84,964,262 | 2,031,045 | 646,408 | 87,641,716 |
| - | 10,411,389 | | 646,408 | 11,057,797.31 |
| - | 15,158,238 | 897,362 | | 16,055,599.81 |
| - | 59,394,635 | 1,133,683 | | 60,528,317.98 |
| - | 2,053,517 | 0 | (646,408) | 1,407,110 |

RATES AND GENERAL SERVICES

Community Services

Administration - Housing

Buildings & Land

Town Treasure

Community Facilities

Furniture & Equipment

Council and CEO

Civil defence

Town Engineer

Traffic Services

Roads & Streetworks

Health Services

Subsidised Services

Parks and Recreation

Cemetery

Fire

Library Services

Economic Services

Refuse

Sewerage

Town Estate

Mining

Housing Services

Trading Services

Abattoir

Electricity

Water

TOTAL FIXED ASSETS

LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS

Contributions from Other Sources

Contributions from operating income

Grants and subsidies

NET FIXED ASSETS

NKONKOB MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008

| | 2007 Actual R | 2008 Actual R | 2008 Budget R |
|--|---------------------|---------------------|---------------------|
| INCOME | | | |
| Grants and subsidies | 32,368,959 | 40,220,074 | 35,633,271 |
| Operating income | 27,955,898 | 31,284,282 | 48,967,391 |
| Assessment Rates | 9,596,736 | 9,069,039 | 19,874,532 |
| Electricity Sales | 8,266,257 | 10,211,919 | 16,437,849 |
| Water Sales | 151,159 | - | - |
| Interest Received | 601,834 | 4,900,441 | 3,210,582 |
| Income from Tariffs, Service Charges etc | 9,339,912 | 7,102,883 | 9,444,428 |
| Total Income | 60,324,858 | 71,504,356 | 84,600,662 |
| EXPENDITURE | | | |
| Salaries, wages and allowances | 34,863,283 | 29,561,527 | 33,318,198 |
| Councillor's Remuneration | - | 7,786,194 | 6,958,387 |
| Electricity Bulk Purchases | 6,966,033 | 6,208,608 | 6,910,346 |
| General expenditure | 11,905,059 | 13,472,365 | 26,576,361 |
| Repairs and maintenance | 2,375,439 | 3,525,773 | 4,210,210 |
| Capital charges | 1,144,099 | 1,299,787 | 805,594 |
| Contributions to fixed assets | 336,573 | 897,362 | 4,148,948 |
| Contributions to Funds | 5,453,942 | 13,684,691 | 1,669,867 |
| Total Expenditure | 63,044,428 | 76,436,307 | 84,597,911 |

APPENDIX D

NKONKOB MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | 2007 Actual Income R | 2007 Actual expenditure R | 2007 Surplus/ (deficit) R | 2008 Actual Income R | 2008 Actual expenditure R | 2008 Surplus/ (deficit) R | 2008 Budgeted surplus/ (deficit) R |
|--|-------------------------------|------------------------------------|------------------------------------|-------------------------------|------------------------------------|------------------------------------|--|
| RATES AND GENERAL SERVICES | 51,873,909 | 55,041,939 | (3,168,030) | 61,291,522 | 65,001,478 | (3,709,956) | (3,892,100) |
| Community services | 47,183,389 | 47,515,031 | (351,641) | 58,697,251 | 51,621,072 | 7,076,179 | 3,416,751 |
| Council's General Expenses | - | 9,523,526 | (9,523,526) | - | 9,497,437 | (9,497,437) | (11,533,235) |
| Health | 2,253,967 | 2,472,293 | (218,326) | 2,416,695 | 2,493,655 | (76,961) | (730,211) |
| Municipal Manager | - | 387,535 | (387,535) | 220,081 | 971,671 | (751,590) | (1,185,254) |
| Fleet Administration | - | 2,186,236 | (2,186,236) | - | 2,199,869 | (2,199,869) | (2,423,673) |
| Financial Management - Administration | 43,277,541 | 13,215,743 | 30,061,797 | 53,636,823 | 15,635,388 | 38,301,435 | 38,999,009 |
| Public Works | 3,895 | 4,307,557 | (4,303,662) | 4,657 | 5,302,146 | (5,297,489) | (6,306,714) |
| Civil Protection | - | 2,315,006 | (2,315,006) | - | 2,580,753 | (2,580,753) | (2,785,831) |
| Traffic Control | 94,738 | 624,272 | (529,534) | 112,231 | 717,395 | (605,164) | (582,327) |
| Library | 67 | 632,715 | (632,648) | - | 765,346 | (765,346) | (785,955) |
| Strategic Planning & LED | - | 1,445,157 | (1,445,157) | - | 1,189,539 | (1,189,539) | (2,038,862) |
| Natis | 1,527,753 | 508,983 | 1,018,769 | 1,878,216 | 534,678 | 1,343,538 | 2,620,620 |
| A-Grade Testing | 5,430 | 9,896,008 | (9,890,578) | 128,548 | 9,733,196 | (9,604,648) | (9,850,817) |
| Administration & Human Resources | - | - | - | - | - | - | - |
| Subsidised services | 6,403 | 1,472,181 | (1,465,778) | 26,385 | 1,584,679 | (1,558,294) | (1,944,244) |
| Parks and Recreation | 6,403 | 1,472,181 | (1,465,778) | 26,385 | 1,584,679 | (1,558,294) | (1,944,244) |
| Economic services | 4,704,117 | 6,054,727 | (1,350,610) | 2,567,886 | 11,795,727 | (9,227,841) | (5,364,608) |
| Refuse | 1,550,919 | 5,745,845 | (4,194,926) | 2,567,886 | 11,795,727 | (9,227,841) | (5,364,608) |
| Sewerage | 3,153,198 | 308,882 | 2,844,316 | - | - | - | - |
| TRADING SERVICES | 8,450,949 | 8,002,489 | 448,460 | 10,212,834 | 11,434,828 | (1,221,995) | 3,894,852 |
| Electricity | 8,274,601 | 7,408,997 | 865,604 | 10,212,829 | 11,215,170 | (1,002,341) | 4,214,294 |
| Abattoir | 25,189 | 195,872 | (170,683) | 4 | 219,658 | (219,654) | (319,442) |
| Water | 151,159 | 397,620 | (246,461) | - | - | - | - |
| TOTAL | 60,324,858 | 63,044,428 | (2,719,570) | 71,504,356 | 76,436,307 | (4,931,951) | 2,751 |
| Appropriations for the year (refer to note 18) | | | (15,019,320) | | | - | |
| NET (DEFICIT) SURPLUS FOR THE YEAR | | | (17,738,890) | | | (4,931,951) | |
| Accumulated surplus beginning of the year | | | (6,994,590) | | | (26,733,480) | |
| ACCUMULATED DEFICIT END OF THE YEAR | | | (26,733,480) | | | (31,665,431) | |

APPENDIX E

NKONKOB MUNICIPALITY**APPENDIX F****STATISTICAL INFORMATION****GENERAL STATISTICS**

Population 128,660

Site valuations at

| | |
|---------------|------------|
| - Residential | 844 |
| - Exempt | - |
| | <u>844</u> |

Assessment rates:

- All properties 2.086 cents in the rand
- Pensioners can apply for a 40% rebate and Residents 20 % respectively
- Churches exempt

Number of residential properties

Number of employees of local authority

| | |
|-------------|-----|
| - Casual | 67 |
| - Permanent | 244 |
| - Council | 41 |

ELECTRICITY STATISTICS

See below note

REFUSE

See below note

Note: -

The municipality does not have up to date statistical information. The municipality through the District Municipality is in the process of performing a update of its data base.